

Finance Report Quarterly Review



Alpine Shire

For the period ending 31 December 2014

Contents

Introduction	3
Preparation of report.....	3
Summary of performance.....	3
Income Statement	4
Income Statement – explanations of variances	5
Income Statement - graphs.....	6
Balance Sheet	7
Balance Sheet – explanations of variances	8
Cash.....	9
Term deposit summary.....	10
Interest bearing liabilities	11
Departmental summaries	12
Directorate summary - YTD.....	12
Directorate summary - forecast.....	12
Councillor and executive summary – YTD.....	13
Councillor and executive summary - forecast.....	13
Corporate services summary – YTD.....	14
Corporate services summary – forecast.....	15
HACC summary - YTD.....	16
HACC summary - forecast.....	16
Community development summary - YTD.....	17
Community development summary - forecast.....	18
Public works and services summary – YTD.....	19
Public works and services summary – forecast.....	21
Development services and amenity summary - YTD.....	22
Development services and amenity summary - forecast.....	23
Dinner Plain summary - YTD	24
Dinner Plain summary - forecast.....	24
Economic development summary - YTD.....	25
Economic development summary – forecast	26
Capital works summary - YTD.....	27
Capital works summary – forecast	29
Conclusion	30

Introduction

Preparation of report

The purpose of this report is to provide Council with a summary of the financial performance for the quarter against budget. This report provides an overview for the quarter including:

- Income statement
- Balance sheet.
- Cash balance;
- Current investments; and
- Loans balances.

This report also includes a summary of each department's quarterly performance with explanations for variances which are approximately greater than \$10,000 or 10%.

This report has been prepared for internal management reporting purposes and as required under section 138 of the Local Government Act 1989. This report has not been audited.

The Quarterly Finance Report (QFR) is prepared based on a rigorous process which includes:

- Each department reviewing their budget and providing explanations for variances at the master account level.
- Departments submitting their quarterly budget explanations to the Finance department for review and further analysis.
- Departmental managers presenting to the Executive on their departmental performance for the quarter.
- Presentation of the QRF to the Finance Committee.

Reforecasting of income and expenditure has not occurred in the quarter one review. Reforecasting will be undertaken by department managers in quarters two and three.

This report is also provided to the Audit Committee for noting.

Summary of performance

Council's operating performance has been favourable against budget for the quarter following a focus of cost saving measures being implemented including:

- Freeze on recruitment;
- Reduction in subscriptions; and
- Monitoring of professional consultants.

WE have also seen a favourable result in materials and services expenditure which is a combination of works being delayed till the later part of the year and identified

inefficiencies that will be factored into next years budget process.

Capital works expenditure is less than budgeted in quarter two due to:

- Limited staffing resources in this department over the last three months;
- Detailed design work for projects being carried out; and
- Tenders being prepared for approved budgeted projects.

Greater resourcing in the Asset Development area will be implemented in quarter three which will assist with the delivery of key projects. There are some projects which have been identified as delayed till 2015/16 and other projects were incorrectly forecast for this year rather than next, such as the Mount Beauty Progressing Place project and the Mount Beauty Library redevelopment.

Council's cash is currently in a sound position, however with the delivery of capital works over the next 18 months and a reduction in Financial Assistance Grants compared to last year, this will be monitored closely.

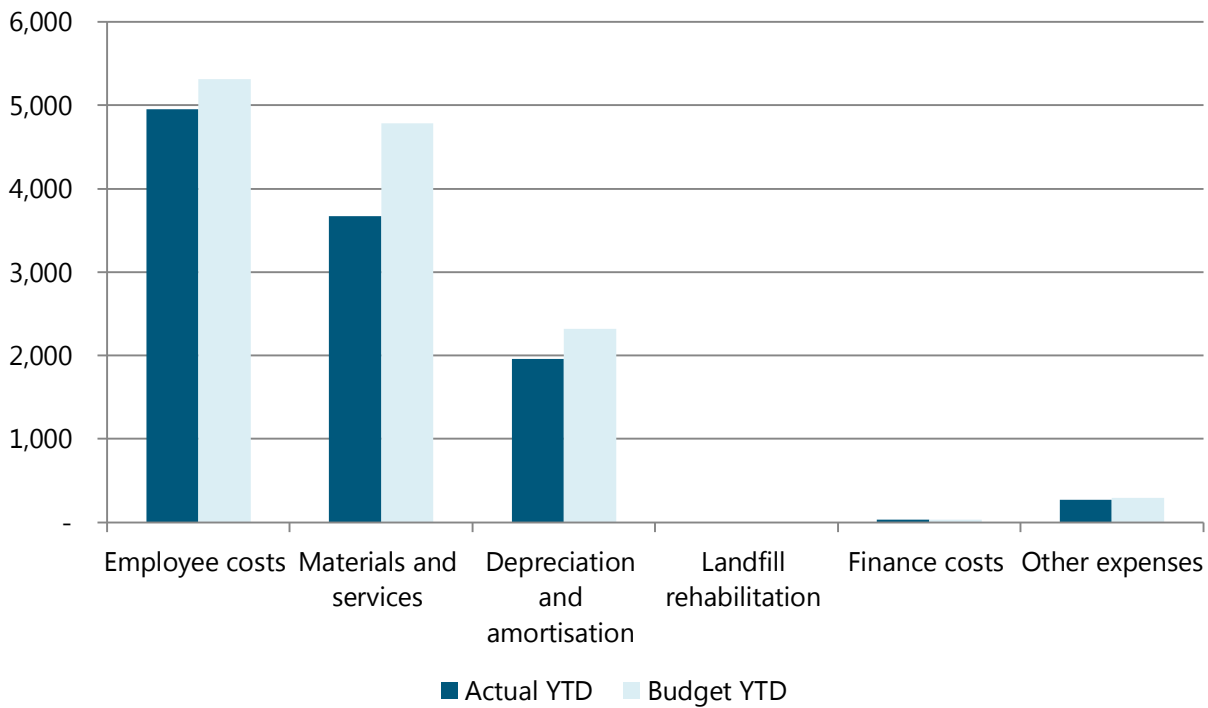
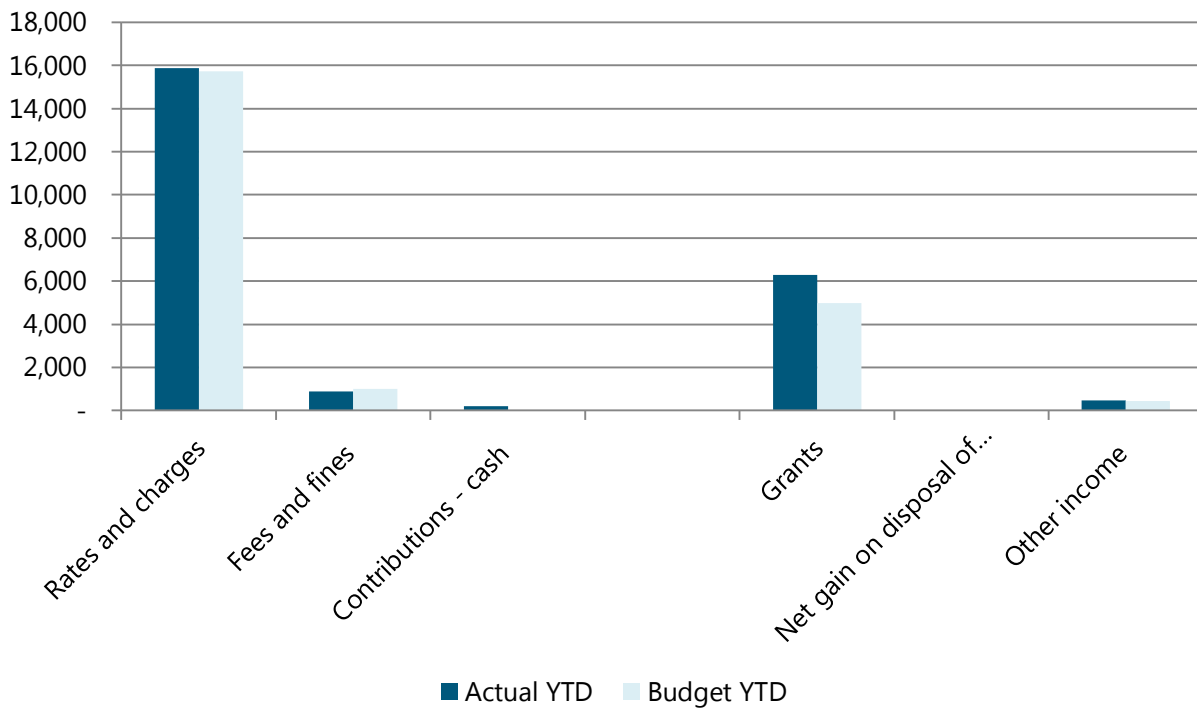
Income Statement

	Actual YTD	Budget YTD	Variance		Ref
	December \$'000	December \$'000	\$'000	%	
Income					
Rates and charges	15,875	15,730	145	1%	
Fees and fines	884	1,006	(122)	(12%)	1
Contributions - cash	209	3	206	6867%	2
Contributions - non-monetary assets	-	-	-		
Grants	6,272	4,975	1,297	26%	3
Net gain on disposal of property, infrastructure, plant and equipment	32	-	32	100%	4
Other income	455	446	9	2%	
Total income	23,727	22,160	1,567	7%	
Expenses					
Employee costs	4,951	5,311	360	7%	5
Materials and services	3,673	4,786	1,113	23%	6
Depreciation and amortisation	1,957	2,321	364	16%	7
Landfill rehabilitation	-	-	-	0%	
Finance costs	31	33	2	6%	
Other expenses	271	291	20	7%	
Total expenses	10,883	12,742	1,859	15%	
Surplus (deficit) for the year	12,844	9,418	3,426	36%	

Income Statement – explanations of variances

Ref	Item	Explanation
1	Fees and fines	Less than budgeted predominately due to statutory planning and building permits being down. This is due to a slow down in the development industry across the Shire. A lack of residential land in Bright is also affecting this.
2	Contributions - cash	Contributions income is unbudgeted due to contributions being unexpected in nature. Contributions this quarter included projects in Wandiligong and the Bright Splash Park.
3	Grants	Grants are favourable to budget <ul style="list-style-type: none"> Alpine Community Plantation Grant (\$60K) and was not budgeted for. This grant was passed straight onto ACP Inc. Flood relief grant claim (\$596K) which was budgeted to be received in the prior year. Gravity Adventure Park at Dinner Plain received a \$250K grant which was originally budgeted for last year. Valuation subsidy (\$78K) from the State Revenue Office which was budgeted for in the prior year.
4	Proceeds on disposal of property, infrastructure, plant and equipment	Related to the sale of depot plant and equipment. This is generally sold on Greys Online.
5	Employee costs	Are favourable YTD due to a freeze on recruitment until completion of the HR Review. This was completed in October and recruitment has now began to fill key positions. Some staff identified as redundant left in quarter two, whilst many are expected to depart in quarters three and four.
6	Materials and services	There has been less expenditure in this area due to key operational projects being delayed until completion of the HR Review and quarters three and four will be closer to budget. That being said, Council has also identified many inefficiencies and thus continued improvements against the operational budget will be achieved throughout the year.
7	Depreciation and amortisation	Major projects not yet completed and are yet to incur depreciation.

Income Statement - graphs



Balance Sheet

	Actual	Budget	Variance		Ref
	\$'000	\$'000	\$'000	%	
Current assets					
Cash assets	10,127	7,231	2,896	40%	1
Receivables	11,608	1,645	9,963	606%	2
Other	243	300	(57)	(19%)	3
Total current assets	21,978	9,176	12,802	140%	
Non-current assets					
Investment in associate	482	462	20	4%	
Land inventory	964	954	10	1%	
Property, Infrastructure, plant and equipment	187,611	195,580	(7,969)	(4%)	4
Total non-current assets	189,057	196,996	(7,939)	(4%)	
Total assets	211,035	206,172	4,863	2%	
Current liabilities					
Payables	475	1,696	1,221	72%	5
Interest bearing liabilities	104	169	65	38%	6
Employee benefits	3,274	2,797	(477)	(17%)	7
Provision for landfill rehabilitation	226	321	95	30%	8
Other	43	30	(13)	(43%)	9
Total current liabilities	4,122	5,013	891	18%	
Non-current liabilities					
Interest bearing liabilities	946	771	(175)	(23%)	6
Employee benefits	355	2,333	1,978	85%	7
Provision for landfill rehabilitation	3,572	1,241	(2,331)	(188%)	8
Other	507	477	(30)	(6%)	
Total non-current liabilities	5,380	4,822	(558)	(12%)	
Total liabilities	9,502	9,835	333	3%	
Net assets	201,533	196,337	(5,196)	(3%)	
Equity					
Accumulated surplus	76,999	80,387	3,388	4%	
Asset revaluation reserve	109,401	113,937	4,536	4%	
Other reserves	2,290	2,013	(277)	(14%)	10
Total equity	201,533	196,337	(5,196)	(3%)	

Balance Sheet – explanations of variances

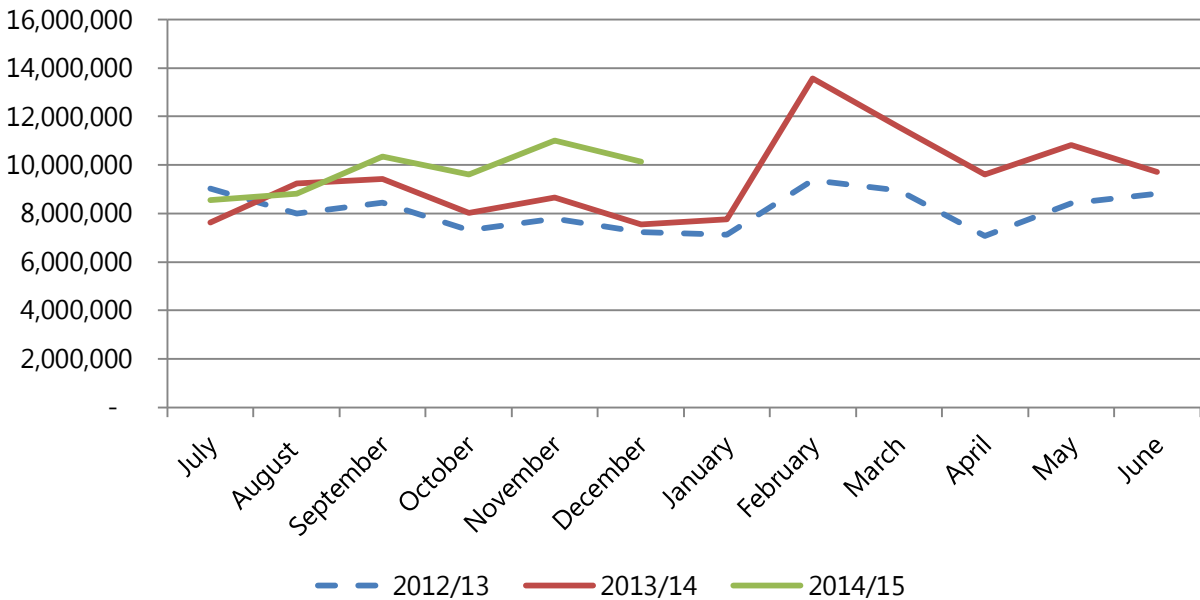
1	Cash assets	Cash position has been consistently maintained with last quarter. Variance in cash compared to the end of year balance sheet is due to the \$1.5 million in Financial Assistance grants being received this year instead of last year.
2	Receivables	Full year of rates raised in August. Instalments are due quarterly otherwise full payment is due in February 2015.
3	Other	Includes inventory, prepayments and accrued income. This is less than budget due to the use of inventory and timing of prepayments.
4	Property, infrastructure, plant and equipment	Only minor equipment assets have been capitalised year to date. Capitalisation of majority of assets will occur at the end of quarter three. Majority of capital expenditure is not forecast for completion until quarters three and four.
5	Payables	Payables are always less during the financial year due to close off of creditors occurring much closer to the month end. This is also dependent on the amount of works occurring at the end of the quarter. Major invoices are expected to be received in quarter three - for example works to the Dinner Plain Ski Slope (\$1 million).
6	Interest bearing liabilities	Variance is due to timing. Repayments of borrowings will occur throughout the year and is on track to meet budget in quarter four.
7	Employee benefits	YTD employee benefits (leave) has reduced by \$109K. This is due to a number of redundancies occurring in quarter two. There are a number of redundancies expected in quarter three and a final few in quarter four.
8	Provision for landfill rehabilitation	Landfill provision will be reviewed in quarter four.
9	Other	Lease income received in advance will be recognised in quarter four.
10	Other reserves	Increase in landfill rehabilitation reserve at 30 June 2014 was more than expected due to a delay in project works.

Cash

This graph shows the cash position as at the end of the quarter and the fluctuations from month to month. This is favourable compared to prior years due to capital works projects being delayed and carried forward from prior years. It is also due to grant instalments being received for commencement of major projects and correlated expenditure not yet incurred. Overall there have been cost reduction efforts in recurrent expenditure which have also contributed to the strong cash position.

The spike in cash, last year which appeared in February, was as a result of rates being due and grant income being received from the Victorian Grants Commission.

Monthly Cash Balance

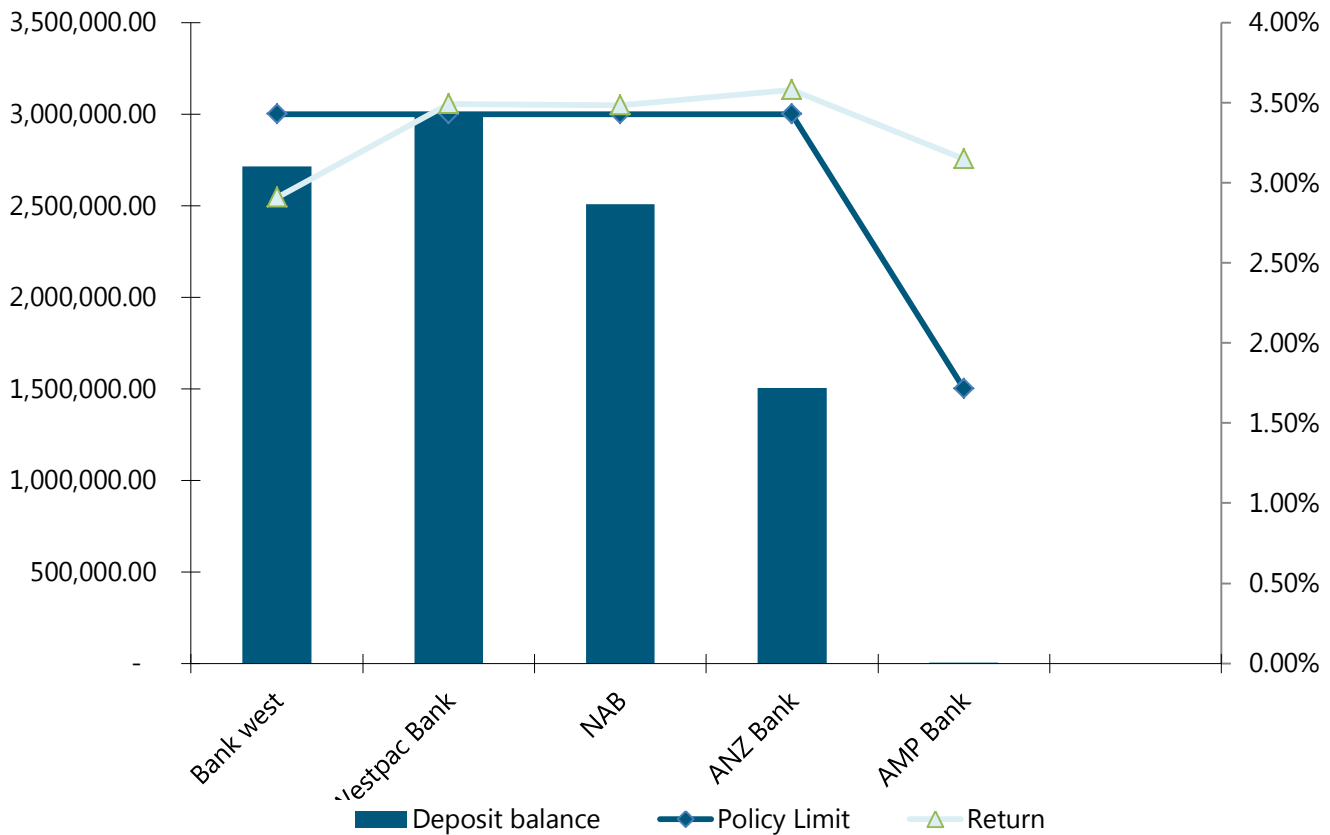


Term deposit summary

This table shows a listing of Council's current term deposits. The graph over the page shows how the term deposits with each financial institution compare to Council's investment policy limits.

Date	Securities	Deposit \$	Rate	Due	Interest \$	Average deposit balance for month \$	Return
26/08/2014	NAB	500,000	3.60%	16/12/2014	789	258,065	
22/08/2014	NAB	500,000	3.60%	5/12/2014	247	80,645	
11/09/2014	Westpac Bank	1,000,000	3.54%	19/01/2015	3,007	1,000,000	
9/09/2014	NAB	509,505	3.45%	6/01/2015	1,493	509,505	
22/09/2014	NAB	500,000	3.50%	22/12/2014	1,055	354,839	
10/10/2014	Westpac Bank	500,000	3.47%	10/01/2015	1,474	500,000	
20/10/2014	ANZ Bank	1,505,611	3.58%	20/04/2015	4,578	1,505,611	
12/11/2014	NAB	500,000	3.45%	12/02/2015	1,465	500,000	
18/11/2014	Bank west	1,500,000	3.40%	16/02/2015	4,332	1,500,000	
23/11/2014	Westpac Bank	1,500,000	3.47%	23/02/2015	4,421	1,500,000	
5/12/2014	NAB	500,000	3.50%	24/03/2015	1,247	419,355	
1/12/2014	AMP Bank	869	3.15%	31/12/2014	2	841	
1/12/2014	Bank west	1,215,661	2.50%	31/12/2014	3,849	1,812,887	
16/12/2014	NAB	500,000	3.45%	24/03/2015	709	241,935	
22/12/2014	NAB	500,000	3.45%	24/03/2015	425	145,161	
	Total Investments	9,731,646			29,091	10,328,844	3.32%
	Cash at bank	394,731					
	Total Cash assets	10,126,377					

Term deposit summary (continued)



Interest bearing liabilities

The table below shows Council's current loans with financial institutions. This table does not include leases or hire purchase agreements (which are less than \$10K). The loans below have varying terms and payback periods.

Bank	Original loan amount	Current interest rate	Balance as at end of quarter
	\$	%	\$
Commonwealth Bank	450,000	6.56	182,916
Commonwealth Bank	200,000	6.83	13,503
Bendigo Bank	1,000,000	5.36	602,681
ANZ Bank	300,000	6.15	241,075
Total	1,950,000		1,040,175

Departmental summaries

The following pages show a breakdown of each department’s performance for the quarter. Explanations have been provided for variances that are approximately greater than \$10,000 and or 10%.

Directorate summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Income				
Community & Corporate Services	(14,554,694)	(14,443,133)	111,561	(1%)
Infrastructure Services	(4,380,646)	(4,281,168)	99,478	(2%)
Sustainable Development	(2,275,517)	(2,033,805)	241,712	(12%)
Capital Works	(3,695,010)	(2,578,110)	1,116,900	(43%)
Income Total	(24,905,867)	(23,336,216)	1,569,651	(7%)
Expenditure				
Councillor & Executive	740,939	695,079	(45,860)	(7%)
Community & Corporate Services	3,312,152	3,949,674	637,522	16%
Infrastructure Services	4,235,156	5,381,246	1,146,090	21%
Sustainable Development	2,140,580	3,384,543	1,243,963	37%
Capital Works	1,892,930	4,315,637	2,422,707	56%
Expenditure Total	12,321,757	17,726,179	5,404,422	30%
Total	(12,584,110)	(5,610,037)	6,974,073	(124%)

Directorate summary - forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
Income				
Community & Corporate Services	(17,346,899)	(17,317,020)	29,879	(0%)
Infrastructure Services	(6,845,413)	(6,859,151)	(13,738)	0%
Sustainable Development	(2,856,139)	(2,646,042)	210,097	(8%)
Capital Works	(4,328,032)	(3,569,385)	758,647	(21%)
Income Total	(31,376,483)	(30,391,598)	984,885	(3%)
Expenditure				
Councillor & Executive	1,302,100	1,276,826	(25,274)	(2%)
Community & Corporate Services	7,046,965	8,009,025	962,060	12%
Infrastructure Services	10,440,425	10,940,723	500,298	5%
Sustainable Development	5,195,519	5,230,987	35,468	1%
Capital Works	5,587,168	7,056,480	1,469,312	21%
Expenditure Total	29,572,177	32,514,041	2,941,864	9%
Total	(1,804,306)	2,122,443	3,926,749	185%

Councillor and executive summary – YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Councillor & executive Expenditure				
1.11 Council Representation	119,284	125,578	6,294	5%
1.12 Council Executive	512,219	442,493	(69,726)	(16%)
1.14 Human Resources	109,435	127,008	17,573	14%
Councillor and executive total	740,939	695,079	(45,860)	(7%)

Council executive expenditure is greater than budget. Savings in the organisational restructure have been accounted for in this area in a lump sum of \$150K per quarter for quarters two, three and four. This is partly offset by:

- Subscriptions being favourable by \$13K due to this being an area of focus for savings.
- Professional services favourable by \$6K.
- Newsletters are favourable by \$5K due to no newsletter being sent out in quarter one.
- Advertising is down by \$16K in this area. This is consistent with advertising across all departments which is down overall by \$81KYTD.

Human resources expenditure is favourable compared to budget. This is due to wages being favourable by \$22K from two positions being budgeted in this area, however there is only one under the new structure.

Councillor and executive summary - forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
Councillor & executive Expenditure				
1.11 Council Representation	245,756	252,050	6,294	2%
1.12 Council Executive	793,414	744,273	(49,141)	(7%)
1.14 Human Resources	262,930	280,503	17,573	6%
Councillor and executive total	1,302,100	1,276,826	(25,274)	(2%)

Forecast variances expected to be less than 10% no explanation provided.

Corporate services summary – YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Corporate Services				
Income				
2.11 Risk Management	(1,657)	-	1,657	100%
2.12 Revenue Collection	(11,916,162)	(11,757,283)	158,879	(1%)
2.13 Accounting Services	(1,368,834)	(1,386,000)	(17,166)	1%
2.14 IT Services	(1,472)	-	1,472	100%
2.15 Property Management	(265,911)	(260,302)	5,609	(2%)
2.33 Customer Service and Council support	(1,059)	(660)	399	(60%)
Total Income	(13,555,095)	(13,404,245)	150,850	(1%)
Expenditure				
2.11 Risk Management	348,614	425,761	77,147	18%
2.12 Revenue Collection	100,329	128,835	28,506	22%
2.13 Accounting Services	225,281	253,546	28,265	11%
2.14 IT Services	253,261	376,934	123,673	33%
2.15 Property Management	121,005	114,542	(6,463)	(6%)
2.16 Procurement	43,716	45,440	1,724	4%
2.17 Corporate Overheads	114,311	136,547	22,236	16%
2.19 Business Improvement	51,952	98,463	46,511	47%
2.33 Customer Service and Council support	224,468	241,337	16,869	7%
2.34 Compliance and Reporting	179,220	205,818	26,598	13%
Total Expenditure	1,662,157	2,027,223	365,066	18%
Total Corporate Services	(11,892,939)	(11,377,022)	515,917	(5%)

Risk management expenditure is favourable YTD against budget due to:

- Health, Safety and Risk Officer position being vacant for 6 months. This has now been filled as part of the HR Review.
- The insurance portfolio being better than expected as reported in quarter one (\$37K).

Revenue collection expenditure is favourable against budget. The variance has remained consistent with the prior quarter, thus quarter two was on budget. As detailed in quarter one, debt collection costs are down due to chasing less debts.

Accounting services is favourable against budget due to the timing of the external audit services invoices (\$15K). Expected to be incurred in March or April 2015. Also favourable in salaries and wages due to a staff member taking leave for the whole of November.

Business improvement expenditure is favourable due to not having an employee in this department following the HR Review. Also the variance is due to the timing of the Purchase to Pay (P2P) project which is expected to incur its costs in quarters three and four.

IT services expenditure is favourable against budget due to a reduction of one full time equivalent employee in this department as part of the HR Review (\$45K). Favourable costs also include:

- Civica (key Council system) \$30K due to experiencing poor customer service and reducing further investment until issues are rectified.
- IT software and hardware are favourable (\$50K) due to rationalising equipment where possible and having less staff who require equipment.

Corporate overheads expenditure is favourable due to the fire service levy cost for Council buildings (\$25K) being budgeted in quarter one but will be recognised in quarter three.

Compliance and reporting is favourable due to:

- Not renewing the records management step program (\$3K);
- Less archival and destruction work being conducted (\$4.3K)
- Annual Report costing less than expected (\$2K).
- Council Plan and community satisfaction survey costs being delayed to quarter three (\$2.5K).
- Wages being less due to staff taking leave.

Corporate services summary – forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
Corporate Services				
Income				
2.11 Risk Management	(1,657)	-	1,657	100%
2.12 Revenue Collection	(12,036,410)	(11,837,531)	198,879	(2%)
2.13 Accounting Services	(2,803,834)	(2,842,000)	(38,166)	1%
2.14 IT Services	(1,472)	-	1,472	100%
2.15 Property Management	(574,359)	(568,750)	5,609	(1%)
2.33 Customer Service and Council support	(1,719)	(1,320)	399	(30%)
Total Income	(15,419,451)	(15,249,601)	169,850	(1%)
Expenditure				
2.11 Risk Management	425,779	502,926	77,147	15%
2.12 Revenue Collection	217,945	246,451	28,506	12%
2.13 Accounting Services	515,586	522,846	7,260	1%
2.14 IT Services	598,745	762,418	163,673	21%
2.15 Property Management	308,983	303,519	(5,464)	(2%)
2.16 Procurement	91,992	93,716	1,724	2%
2.17 Corporate Overheads	227,123	427,388	200,265	47%
2.19 Business Improvement	200,331	200,331		0%
2.33 Customer Service and Council support	497,428	514,297	16,869	3%
2.34 Compliance and Reporting	404,682	428,780	24,098	6%
Total Expenditure	3,488,594	4,002,672	514,078	13%
Total Corporate Services	(11,930,857)	(11,246,929)	683,928	(6%)

Risk management expenditure is expected to continue to be favourable at year end due to the savings from the first six months in wages. There will also be less expenditure overall while all systems and processes in this area are reviewed.

Revenue collection expenditure is expected to maintain its favourable variance for the remainder of the year. See YTD explanation on previous page.

IT services expenditure is expected to remain favourable for the year. Now that the HR Review is complete, a review of excess equipment needs to be undertaken to determine future renewal requirements.

Corporate overheads expenditure is expected to be favourable at the end of the year due to Council budgeting for an internal repayment plan for the superannuation defined benefit costs incurred in 2011. Following review by the finance Committee, Council determined that it had sufficient cash reserves to not need this and thus will not be budgeted for in subsequent years unless it is determined that another defined benefit call is likely.

HACC summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
HACC				
Income				
2.41 HACC Services	(622,821)	(729,830)	(107,009)	15%
2.42 Maternal & Child Health	(81,025)	(78,114)	2,911	(4%)
Total Income	(703,846)	(807,944)	(104,098)	13%
Expenditure				
2.41 HACC Services	789,834	939,358	149,524	16%
2.42 Maternal & Child Health	79,724	89,619	9,895	11%
Total Expenditure	869,559	1,028,977	159,418	15%
Total HACC	165,713	221,033	55,320	25%

HACC services (both income and expenditure) continue to be less than expected, as detailed in the quarter one report. This is due to a decrease in client hours, more specifically veterans and domestic assistance, over the year. The decline in hours is due to a decline in demand being experienced in the Shire, in part via proactive engagement through Assessment and care coordination.

HACC summary - forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
HACC				
Income				
2.41 HACC Services	(1,302,571)	(1,459,652)	(157,081)	11%
2.42 Maternal & Child Health	(159,139)	(156,228)	2,911	(2%)
Total Income	(1,461,710)	(1,615,880)	(154,170)	10%
Expenditure				
2.41 HACC Services	1,669,192	1,894,892	225,700	12%
2.42 Maternal & Child Health	173,886	183,781	9,895	5%
Total Expenditure	1,843,078	2,078,673	235,595	11%
Total HACC	381,368	462,793	81,425	18%

HACC services (both income and expenditure) are expected to continue to decrease over the remainder of the year due to the demand in hours decreasing. Whilst this was expected last quarter to hold steady, the trend analysis suggests a further small decline is expected.

Community development summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Community Services				
Income				
2.21 Community Development	(70,474)	(27,815)	42,659	(153%)
2.22 Senior Citizens	(23,428)	(2,000)	21,428	(1071%)
2.23 Youth Services	(29,650)	(26,650)	3,000	(11%)
2.26 Emergency Services	(25,706)	(26,477)	(771)	3%
2.27 Swimming Pools Management & Maint.	(136,979)	(131,054)	5,925	(5%)
2.29 Recreation	(9,516)	(16,948)	(7,432)	44%
Total Income	(295,753)	(230,944)	64,809	(28%)
Expenditure				
2.21 Community Development	110,628	213,621	102,993	48%
2.22 Senior Citizens	7,530	12,200	4,670	38%
2.23 Youth Services	24,342	39,599	15,257	39%
2.24 Art & Culture	1,420	6,572	5,152	78%
2.25 Library Services	166,725	166,420	(305)	(0%)
2.26 Emergency Services	57,898	57,680	(218)	(0%)
2.27 Swimming Pools Management & Maint.	294,116	292,490	(1,626)	(1%)
2.29 Recreation	117,778	104,892	(12,886)	(12%)
Total Expenditure	780,437	893,474	113,037	13%
Total Community Services	484,684	662,530	177,846	27%

Community development income is favourable against budget due to an additional grant being received for the L2P project (\$48K) which supports local learner drivers.

Senior citizens income is favourable against budget due to receiving HACC grants on a monthly basis for senior citizens that was not budgeted.

Community development expenditure is favourable due to salaries and wages being less than budgeted. This is due to vacancies in positions over the last six months from the HR Review.

Youth services expenditure is favourable against budget due to the Youth Inclusion grant work having not yet commenced. This is expected to be delivered in quarters three and four.

Recreation expenditure is unfavourable against budget due to costs being budgeted to occur in quarter four for McNamara Reserve, Memorial Park, Dederang Reserve and Myrtleford showgrounds, however they have occurred in quarters one and two. All are expected to remain within budget over the year. Also the Community Facilities Officer position was vacant from July (\$20K) and has been revised under the HR Review.

Community development summary - forecast

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Community Services				
Income				
2.21 Community Development	(80,724)	(42,800)	37,924	(89%)
2.22 Senior Citizens	(23,428)	(2,000)	21,428	(1071%)
2.23 Youth Services	(42,050)	(36,450)	5,600	(15%)
2.26 Emergency Services	(25,706)	(26,477)	(771)	3%
2.27 Swimming Pools Management & Maint.	(268,564)	(297,112)	(28,548)	10%
2.29 Recreation	(25,266)	(46,700)	(21,434)	46%
Total Income	(465,738)	(451,539)	14,199	(3%)
Expenditure				
2.21 Community Development	340,200	479,476	139,276	29%
2.22 Senior Citizens	22,390	22,400	10	0%
2.23 Youth Services	84,526	84,527	1	0%
2.24 Art & Culture	11,420	10,138	(1,282)	(13%)
2.25 Library Services	333,145	332,840	(305)	(0%)
2.26 Emergency Services	57,898	60,833	2,935	5%
2.27 Swimming Pools Management & Maint.	621,410	646,553	25,143	4%
2.29 Recreation	244,304	290,913	46,609	16%
Total Expenditure	1,715,293	1,927,680	212,387	11%
Total Community Services	1,249,555	1,476,141	226,586	15%

Community development income is expected remain above budget due to the L2P grant which was not budgeted for.

Senior citizens income is HACC grants received. This was unbudgeted so will continue to remain favourable against budget.

Recreation income is forecast to be less than budgeted due to the Act Belong Commit grant being budgeted for, however the program and funding finished last financial year.

Community development expenditure is expected to remain favourable. Positions in this area have now been filled however the favourable variance from the first half of the year is expected to be maintained both in salaries and wages and in other costs.

Recreation expenditure is expected to be favourable for the remainder of the year due to less staff costs following completion of the HR Review and less expenditure on the Bright Community Centre based on trends from the first half of the year.

Public works and services summary – YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Public works and services				
Income				
3.101 Airports				#DIV/0!
3.102 Local Roads	(543,486)	(568,196)	(24,710)	4%
3.107 Operations expenditure	(1,065,353)	(993,719)	71,634	(7%)
3.108 Open Spaces	(18,533)	-	18,533	100%
3.111 Waste Management	(2,677,899)	(2,649,749)	28,150	(1%)
3.22 Development Engineering	(14,845)	(7,002)	7,843	(112%)
3.25 Building Maintenance	(532)	-	532	100%
3.31 Emergency Management	(60,000)	(62,502)	(2,502)	4%
Total Income	(4,380,646)	(4,281,168)	99,478	(2%)
Expenditure				
3.101 Airports	10,707	4,065	(6,642)	(163%)
3.102 Local Roads	696,347	563,486	(132,861)	(24%)
3.103 Local Bridges	25,522	58,496	32,974	56%
3.104 Waste & Recycle Service	150,825	176,862	26,037	15%
3.105 Footpath Kerb & Channel	49,309	42,468	(6,841)	(16%)
3.107 Operations expenditure	717,728	792,398	74,670	9%
3.108 Open Spaces	788,304	880,410	92,106	10%
3.109 Rail Trail Maintenance	27,862	27,200	(662)	(2%)
3.110 Operations Engineer	158,590	127,946	(30,644)	(24%)
3.111 Waste Management	1,057,464	1,985,968	928,504	47%
3.22 Development Engineering	331,870	377,669	45,799	12%
3.25 Building Maintenance	139,042	228,755	89,713	39%
3.31 Emergency Management	4,881	39,120	34,239	88%
Total Expenditure	4,158,448	5,304,843	1,146,395	22%
Total public works and services	(222,198)	1,023,675	1,245,873	122%

Open spaces income relates to works and materials undertaken at Wandiligong Diggings and was reimbursed.

Local roads expenditure is over budget YTD which continued from quarter one. The first half of the year was focused on road maintenance expenditure including unsealed roads, vegetation, roadside furniture and drainage. This is also impacted by seasonal factors and we will see an increase in maintenance work in January due to a number of storms. The second half of the year focuses on road capital works carried out in house and thus less maintenance expenditure is incurred at that time. Overall expenditure in this area is expected to remain on budget.

Local bridges expenditure is favourable due to the flying crew being assigned to other works (non-bridge related) and there has been a lower than normal demand for works to be carried out in this area. Traditionally bridge works have seen more work occur in the second half of the year than the first half.

Operations engineer expenditure is over budget due to greater wages being costed to this area than budgeted for the six month period. Wages overall in the public works area are actually on budget, however it is the allocation between business units (i.e. open spaces versus local bridges) that has varied YTD.

Waste management expenditure is favourable to budget due to the timing of kerbside collections invoices (YTD only includes 5 out of the 6 months) and expenditure at the transfer stations being low due to the timing of groundwater monitoring and mulching. This area also includes the waste capital expenditure which will be reassigned to the capital works budget following completion of the HR Review. Capital works expenditure in the waste area is less than budgeted YTD. The projects, including cell construction, tip rehabilitation, baling shed improvements and the greenwaste area. These will be back on track in quarters three and four.

Waste and recycle service expenditure is favourable due to the timing of invoices received (YTD only includes 5 out of the 6 months). This variance will continue until year end when the final invoices are received for the year.

Open spaces expenditure is favourable against budget due to the Open Spaces Coordinator position being vacant and tree works being behind schedule.

Development engineering expenditure is favourable against budget due to salaries and wages being less from staff vacancies and street lighting being less in quarter one. So far only 5 months of invoices out of six have been received and this variance will be closed at year end when final invoices are received.

Building maintenance expenditure is favourable against budget due to minimal works being done over the last six months due to a position vacancies from the HR Review. Only reactive works have taken place.

Emergency management expenditure is favourable YTD due to the position being vacant and program deliverables being put on hold until the position is filled.

Public works and services summary – forecast

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Public works and services				
Income				
3.101 Airports	(10,557)	(10,557)		0%
3.102 Local Roads	(1,111,039)	(1,150,392)	(39,353)	3%
3.107 Operations expenditure	(2,047,595)	(2,047,595)		0%
3.108 Open Spaces	(18,533)	-	18,533	100%
3.111 Waste Management	(3,432,689)	(3,425,607)	7,082	(0%)
3.22 Development Engineering	(159,000)	(159,000)		0%
3.25 Building Maintenance	(1,000)	(1,000)		0%
3.31 Emergency Management	(65,000)	(65,000)		0%
Total Income	(6,845,413)	(6,859,151)	(13,738)	0%
Expenditure				
3.101 Airports	19,871	19,872	1	0%
3.102 Local Roads	1,223,382	1,233,194	9,812	1%
3.103 Local Bridges	114,988	114,988		0%
3.104 Waste & Recycle Service	396,809	398,720	1,911	0%
3.105 Footpath Kerb & Channel	84,935	84,936	1	0%
3.107 Operations expenditure	1,622,925	1,642,757	19,832	1%
3.108 Open Spaces	1,760,820	1,760,820		0%
3.109 Rail Trail Maintenance	54,400	54,400		0%
3.110 Operations Engineer	352,703	352,702	(1)	(0%)
3.111 Waste Management	3,659,403	3,802,017	142,614	4%
3.22 Development Engineering	723,846	769,645	45,799	6%
3.25 Building Maintenance	371,831	461,544	89,713	19%
3.31 Emergency Management	54,512	88,234	33,722	38%
Total Expenditure	10,440,425	10,783,829	343,404	3%
Total public works and services	3,595,012	3,924,678	329,666	8%

Waste management expenditure is expected to remain under budget due to a lack of resources available during the year. This will be prioritised as part of next years budget development.

Building maintenance expenditure is expected to remain on budget for quarters three and four, however the favourable variance derived in quarters one and two will remain.

Emergency management expenditure is expected to be favourable due to the position currently being vacant, and as such there will be reduced program expenditure until someone has been appointed to deliver the program.

Development services and amenity summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Development services and amenity				
Income				
4.21 Statutory Planning Services	(53,479)	(80,948)	(27,469)	34%
4.22 Municipal Building Services	(78,883)	(94,874)	(15,991)	17%
4.23 Environmental Health Services	(74,296)	(69,200)	5,096	(7%)
4.24 Local Laws Enforcement	(39,376)	(36,114)	3,262	(9%)
4.31 Environment Services	(50,000)	(110,594)	(60,594)	55%
Total Income	(296,034)	(391,730)	(95,696)	24%
Expenditure				
4.21 Statutory Planning Services	251,786	329,545	77,759	24%
4.22 Municipal Building Services	124,443	127,196	2,753	2%
4.23 Environmental Health Services	151,533	177,709	26,176	15%
4.24 Local Laws Enforcement	149,855	163,384	13,529	8%
4.31 Environment Services	74,635	176,003	101,368	58%
Total Expenditure	752,251	973,837	221,586	23%
Total development services	456,217	582,107	125,890	22%

Statutory planning services income is less than budgeted due to a downturn in the development industry as reported in quarter one. The first six months of the year have only received 85 planning permit applications.

Municipal building services income is less than budgeted. This is due to the slow in development activity also affecting the number of building permit applications. Despite the downturn Council still maintain the market share of building permits at 60%.

Environment services income is less than budgeted due to the VASP project being delayed. This income is forecast to be received later in the year.

Statutory planning expenditure is down due to Council not having a Strategic planner for the first six months of the year (\$52K). There has also been less use of consultants, heritage advisors and legal advice (\$26K).

Environmental health expenditure is less than budgeted due to the use of less professional services (\$5K), less works and services which relate to clinical waste and other costs with Sterihealth (\$15K). Also internal charges are less than budgeted and these are being reviewed going forward (\$6K).

Environment services expenditure is less than budgeted due to vegetation plantings to occur in quarters three and four (\$20K) and the VASP project being behind schedule. A contractor for these works will be sought in quarter three.

Development services and amenity summary - forecast

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Development services and amenity				
Income				
4.21 Statutory Planning Services	(109,479)	(150,897)	(41,418)	27%
4.22 Municipal Building Services	(155,883)	(181,744)	(25,861)	14%
4.23 Environmental Health Services	(163,945)	(158,849)	5,096	(3%)
4.24 Local Laws Enforcement	(121,376)	(149,468)	(28,092)	19%
4.31 Environment Services	(203,092)	(203,092)		0%
Total Income	(753,775)	(844,050)	(90,275)	11%
Expenditure				
4.21 Statutory Planning Services	605,521	683,280	77,759	11%
4.22 Municipal Building Services	266,290	269,043	2,753	1%
4.23 Environmental Health Services	376,804	402,980	26,176	6%
4.24 Local Laws Enforcement	327,727	338,017	10,290	3%
4.31 Environment Services	369,984	369,984		0%
Total Expenditure	1,946,326	2,063,304	116,978	6%
Total development services	1,192,551	1,219,254	26,703	2%

Statutory planning services income is forecast to be less than budget due to the downturn in the development industry. Based on the trends from the last six months, income has been forecast down.

Municipal building services income has been forecast down also to accommodate the downturn in the development industry and based on trends from the first six months.

Local laws enforcement income has been forecast down. As part of the HR Review Council has reduced the number of rangers from two to one. As such there will be a reduction in the fee income (i.e. parking fines etc).

Statutory planning expenditure is expected to remain favourable as the strategic planner position is still vacant. Contract planners will be used in the interim to assist with key projects such as the Mount Beauty Aerodrome and the Rural Land Strategy implementation.

Dinner Plain summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Dinner Plain				
Income				
4.41 Dinner Plain Operations	(1,572,766)	(1,559,036)	13,730	(1%)
4.42 Dinner Plain Projects	(256,000)	-	256,000	100%
Total Income	(1,828,766)	(1,559,036)	269,730	(17%)
Expenditure				
4.41 Dinner Plain Operations	673,721	711,668	37,947	5%
4.42 Dinner Plain Projects	31,065	844,588	813,523	96%
Total Expenditure	704,787	1,556,256	851,469	55%
Total Dinner Plain	(1,123,979)	(2,780)	1,121,199	(40331%)

Dinner Plain projects income remains favourable as noted in quarter one. This is due to the timing of key projects being delivered in the village. There were two grants received in quarter one which were expected to have been received last financial year, hence why there is no budget allocated.

Dinner Plain projects expenditure is well underway, and the works are near completion, however Council is waiting on invoices for the total projects to be received. Expenditure is expected in quarter three with only minor expenditure remaining in quarter four. This includes \$530K for snowmaking, \$100K for ski field lighting, \$220K for tubing, \$30K for tennis courts, \$80K for the mountain bike trail and a further \$50K for tracks and trails upgrades.

Dinner Plain summary - forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
Dinner Plain				
Income				
4.41 Dinner Plain Operations	(1,598,361)	(1,584,631)	13,730	(1%)
4.42 Dinner Plain Projects	(256,000)	-	256,000	100%
Total Income	(1,854,361)	(1,584,631)	269,730	(17%)
Expenditure				
4.41 Dinner Plain Operations	773,296	624,131	(149,165)	(24%)
4.42 Dinner Plain Projects	1,081,065	1,090,500	9,435	1%
Total Expenditure	1,854,361	1,714,631	(139,730)	(8%)
Total Dinner Plain	-	130,000	130,000	100%

Dinner Plain projects income will remain consistent for the remainder of the year. No additional income is expected.

Dinner Plain operations expenditure is expected to remain on budget. The only account in this area which is expected to be less than budgeted is the transfer of funds from the reserve to fund the projects throughout the year. The original budget allowed for \$712K to be withdrawn from the reserve and now only \$561K is expected to be required.

Economic development summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Economic development				
Income				
4.11 Economic Development	(69,051)	-	69,051	100%
4.12 Tourism	6,043	-	(6,043)	(100%)
4.13 Festivals & Events	(921)	(1,000)	(79)	8%
4.14 Visitor Information Centres	(86,788)	(82,039)	4,749	(6%)
Total Income	(150,717)	(83,039)	67,678	(82%)
Expenditure				
4.11 Economic Development	173,223	172,156	(1,067)	(1%)
4.12 Tourism	91,010	272,910	181,900	67%
4.13 Festivals & Events	159,365	157,152	(2,213)	(1%)
4.14 Visitor Information Centres	259,944	252,232	(7,712)	(3%)
Total Expenditure	683,542	854,450	170,908	20%
Total Economic development	532,825	771,411	238,586	31%

Economic development income is favourable as detailed in quarter one due to receiving a grant for \$60K for Alpine Community Plantations Inc. which was not budgeted for and was directly passed on. Council also received \$9K for the Regional Living Expo which was not budgeted.

Tourism expenditure is under budget primarily due to underspending on wages as a result of not having full staff resourcing. Projects will now be delivered in quarters three and four.

Economic development summary – forecast

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Economic development				
Income				
4.11 Economic Development	(69,091)	-	69,091	100%
4.12 Tourism	6,043	-	(6,043)	(100%)
4.13 Festivals & Events	(3,921)	(5,000)	(1,079)	22%
4.14 Visitor Information Centres	(181,034)	(212,361)	(31,327)	15%
Total Income	(248,003)	(217,361)	30,642	(14%)
Expenditure				
4.11 Economic Development	267,223	317,966	50,743	16%
4.12 Tourism	306,010	332,714	26,704	8%
4.13 Festivals & Events	318,865	299,932	(18,933)	(6%)
4.14 Visitor Information Centres	502,734	502,440	(294)	(0%)
Total Expenditure	1,394,832	1,453,052	58,220	4%
Total Economic development	1,146,829	1,235,691	88,862	7%

Economic development income will remain favourable as there was originally no income budgeted in this area.

Visitor Information Centres income is forecast to be less than budgeted due to the abolishment of the membership structure at the VIC. Cost savings for this will be realised in 2015.16.

Economic development expenditure is expected to be less than budgeted at year end due to a reduction in staff which was implemented at the end of December. This was as a result of the HR Review. Other expenditure in this area is expected to remain on budget at the end of the year.

Festivals and events expenditure is expected to exceed budget due to unbudgeted sponsorship support for the Bright Autumn Festival (\$5,000), fixing the marquee to the new Bright netball court (\$3,900), and support for Christmas decorations for Bright and Mount Beauty (\$10,000).

Capital works summary - YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
Capital works				
Income				
9.12 Plant & Motor Vehicles	(31,551)	(38,000)	(6,449)	17%
9.13 - Roads	(190,437)	-	190,437	100%
9.18 - Buildings	(34,600)	-	34,600	100%
9.28 - Buildings		(35,910)	(35,910)	100%
9.29 - Recreation and Other Projects	(186,100)	(142,000)	44,100	(31%)
9.36 - Footpaths	(500,000)	(500,000)	-	0%
9.39 - Recreation and Other Projects	(510,750)	(350,000)	160,750	(46%)
9.41 Flood Recovery	(595,814)	-	595,814	100%
9.42 Bushfire Recovery	(21,212)	-	21,212	100%
9.5 Projects Grant income Total	(1,624,545)	(1,512,200)	112,345	(7%)
Total Income	(3,695,010)	(2,578,110)	1,116,900	(43%)
Expenditure				
3.21 Project Delivery Manager	76,708	76,403	(305)	(0%)
9.11 - Office Equipment & Furniture	(3,434)	-	3,434	100%
9.12 Plant & Motor Vehicles	176,112	240,247	64,135	27%
9.13 - Roads	305,169	1,889,890	1,584,721	84%
9.14 - Bridges	41,486	131,139	89,653	68%
9.15 - Kerbs	5,050	49,950	44,900	90%
9.16 - Footpaths	7,493	48,100	40,607	84%
9.17 - Drainage	7,324	10,983	3,659	33%
9.18 - Buildings	320,341	329,875	9,534	3%
9.19 - Recreation & Other Projects	13,794	78,625	64,831	82%
9.21 IT equipment & office furniture upgrade	602	-	(602)	(100%)
9.23 - Roads	32,155	127,250	95,095	75%
9.24 - Bridges	275	10,500	10,225	97%
9.26 Footpaths	780	32,375	31,595	98%
9.27 - Drainage	9,506	30,000	20,494	68%
9.28 - Buildings	4,000	37,425	33,425	89%
9.29 - Recreation and Other Projects	293,066	432,768	139,702	32%
9.33 - Roads	-	35,250	35,250	100%
9.36 - Footpaths	605,162	722,311	117,149	16%
9.39 - Recreation and Other Projects	70,081	108,949	38,868	36%
9.41 Flood Recovery	3,969	-	(3,969)	(100%)
Total Expenditure	1,969,638	4,392,040	2,422,402	55%
Total capital works	(1,725,372)	1,813,930	3,539,302	195%

Capital expenditure is split into three categories – renewal, upgrade and new. The above listing of business units is listed in that order but is why “roads” is repeated. Renewal is when an existing asset is restored to its original condition. Upgrade is adding to or enhancing an existing asset so the additions which were not part of the original asset become the upgrade component and new assets are assets that did not exist before.

Roads income is favourable due to receiving the grant from Vic Roads for Kancoona South Road pavement rehabilitation works of \$170K. This grant was forecast to be received in quarter three.

Buildings income variance is due to receipting of the grant to the incorrect account. Combining business units 9.18 and 9.28 they are comparable.

Recreation and other projects income (9.29) is favourable due to receiving grant income for McNamara Court of \$44K which was not budgeted for.

Recreation and other projects income (9.39) is favourable due to receiving grant income earlier than budgeted for recreational projects. This includes Alpine Safer Parks (\$45K), Contributions to recreation reserves (\$26K) and Mt Beauty netball court (\$63K).

Flood recovery income is favourable and consistent with last quarter. The income is the last claim from the 2011/12 flood which was budgeted for last year.

Bushfire recovery income is favourable as this is funds claimed back from the Harrietville bushfires and was unbudgeted.

Plant and motor vehicles expenditure is less than budgeted due to the purchase of a road maintenance truck still being investigated and expected in the second half of the year. Other minor purchases have been delayed to quarters three and four.

Roads e (9.13 – renewal) expenditure is less than expected YTD due to the Public Works and Services department scheduling the works to be completed in quarters three and four. Further a resealing contract has been let in early December which will see the works completed in quarters three and four. Works have also been delayed due to resourcing issues however are back on track for completion in the second half of the year. Major projects are also currently being tendered for sealed road rehabilitation.

Bridges expenditure is less than budgeted due to resourcing issues. Bridge renewal works are unlikely to proceed this financial year, however the contract for the Victoria Bridge in Myrtleford has been let and works will be completed in quarters three and four.

Kerbs expenditure is less than budget due to resourcing issues. This relates to kerb renewal works and the contract has been awarded. Works will be carried out in quarters three and four.

Footpaths expenditure is less than budgeted due to the original forecasting for the works being incorrect. Works are scheduled to be completed during quarters three and four.

Recreation and other projects expenditure is less than budgeted as works have been delayed due to resourcing issues.

Roads (9.23 – upgrade) expenditure is less than budgeted. The sealing of bell mouths project is scheduled for completion in quarter three (\$30K), however due to resourcing issues other road upgrade projects are unlikely to proceed until the next financial year.

Footpaths expenditure is less than budgeted, due to resourcing constraints, however work on the tracks and trails is expected to be completed by the end of the financial year.

Drainage expenditure is less than budget YTD due to insufficient human resources capability to progress these works so far. Council is currently working on securing additional support to complete the urban drainage works.

Buildings expenditure is less than budgeted due to incorrect forecasting on these works originally. The Mount Beauty Library redevelopment project is on track, however majority of works will be carried out in 2015/16.

Recreation expenditure is less than budgeted due to key projects including the Mount Beauty Progressing Place project (both CBD and lakeside) being delayed and are not anticipated to reach the 14/15 budget. However the project is on track in accordance with the revised capital works plan and key milestones.

Roads (9.33 – new) have seen no expenditure YTD and due to resourcing constraints this year, works are unlikely to proceed.

Footpaths expenditure is predominately the Harrietville Shared Trail. The project is on track and waiting on final invoices to be received.

Recreation and other projects expenditure includes the Mount Beauty netball court, Myrtleford Skate Park and tracks and trails work at Dinner Plain and Mount Hotham (combined project). These works are progressing with the Myrtleford Skate Park currently out for tender. Works are expected to be completed in quarters three and four.

Capital works summary – forecast

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
Capital works				
Income				
9.12 Plant & Motor Vehicles	(103,574)	(255,000)	(151,426)	59%
9.13 - Roads	(190,437)	(170,325)	20,112	(12%)
9.18 - Buildings	(34,600)	-	34,600	(100%)
9.28 - Buildings		(35,910)	(35,910)	100%
9.29 - Recreation and Other Projects	(186,100)	(180,000)	6,100	(3%)
9.36 - Footpaths	(500,000)	(600,000)	(100,000)	17%
9.39 - Recreation and Other Projects	(510,750)	(367,150)	143,600	(39%)
9.41 Flood Recovery	(595,814)	-	595,814	100%
9.42 Bushfire Recovery	(21,212)	-	21,212	100%
9.5 Projects Grant income Total	(2,185,545)	(1,961,000)	224,545	(11%)
Total Income	(4,328,032)	(3,569,385)	758,647	(21%)
Expenditure				
3.21 Project Delivery Manager	156,894	156,894	-	0%
9.11 - Office Equipment & Furniture	-	-	-	0%
9.12 Plant & Motor Vehicles	718,148	839,000	120,852	14%
9.13 - Roads	2,116,695	2,132,427	15,732	1%
9.14 - Bridges	266,208	368,114	101,906	28%
9.15 - Kerbs	54,000	54,000	-	0%
9.16 - Footpaths	52,000	52,000	-	0%
9.17 - Drainage	7,324	62,760	55,436	88%
9.18 - Buildings	428,494	409,849	(18,645)	(5%)
9.19 - Recreation & Other Projects	96,672	85,000	(11,672)	(14%)
9.21 IT equipment & office furniture upgrade	602	-	(602)	(100%)
9.23 - Roads	62,155	300,000	237,845	79%
9.24 - Bridges	40,275	60,000	19,725	33%
9.26 Footpaths	153,405	185,000	31,595	17%
9.27 - Drainage	30,000	30,000	-	0%
9.28 - Buildings	4,000	385,000	381,000	99%
9.29 - Recreation and Other Projects	381,066	993,659	612,593	62%
9.33 - Roads	17,545	60,000	42,455	71%
9.36 - Footpaths	655,162	722,311	67,149	9%
9.39 - Recreation and Other Projects	342,554	317,360	(25,194)	(8%)
9.41 Flood Recovery	3,969	-	(3,969)	(100%)
Total Expenditure	5,587,168	7,213,374	1,626,206	23%
Total capital works	1,259,136	3,643,989	2,384,853	65%

Plant and motor vehicles income is expected to be less than originally budgeted due to the timing and structure of Council's motor vehicle fleet. Whilst less staff now have vehicles, we are still assessing the quantity of vehicles needed for the pool and which vehicles this will be made up of. This is also expected to be unfavourable due to other trade in of vehicles being delayed.

Roads income is forecast to be over budget due to receiving a reimbursement from Indigo Shire in quarter one which related to the prior year as detailed in quarter one.

Buildings income variance is due to receipting of the grant to the incorrect account. Combining business units 9.18 and 9.28 they are comparable.

Footpaths income relates to the Harrietteville shared trail. No further income is expected this financial year, however the project is on track.

Recreation and other projects income is expected to be favourable against budget due to receiving income that was not expected in this financial year. This includes Alpine Safer Parks (\$45K), contributions to recreation reserves (\$26K) and the Mount Beauty netball court (\$63K).

Flood recovery income relates to the previous financial year.

Projects grant income is expected to be favourable at year end due to receiving income for the Bright Splash Park project which was expected in the last financial year. All other grants were budgeted.

Plant and motor vehicle expenditure is expected to be less than budgeted due to a review of existing plant and vehicles being undertaken. There is still a large purchase of a road maintenance truck (\$357K) which is forecast this year but could be pushed into early 2015/16 depending on the lead time.

Drainage renewal works are not forecast to occur this year and will be re-budgeted in 2015/16.

Bridges expenditure is forecast to be less than budgeted at the end of the year due to resourcing issues. Bridge renewal works are unlikely to proceed this financial year, however the contract for the Victoria Bridge in Myrtleford has been let and works will be completed in quarters three and four.

Conclusion

Council's operating performance for quarter two has been favourable. This is as a result of the HR Review which has seen a reduction in staff wages which is yet to be fully realised (full effect in 2015/16 budget) and a reduction in materials, works and services. Less expenditure in this area is also due to key operational projects being delayed until completion of the HR Review and quarters three and four will be closer to budget. That being said, Council has also identified many inefficiencies and thus continued improvements against the operational budget will be achieved throughout the year.

Roads upgrade works are expected to be less than budgeted at the end of the financial year due to resourcing constraints. This will see projects including Buyers Lane, on road cycling lanes and urban road drainage delayed to 2015/16.

Bridges upgrade expenditure is not expected to be fully delivered this year. Additional human resources are required to progress and options are currently being investigated.

Footpaths expenditure is less than budgeted, due to resourcing constraints, however work on the tracks and trails is expected to be completed by the end of the financial year.

Buildings expenditure is expected to be less than budgeted due to the Mount Beauty Library redevelopment project being incorrectly forecast. The project is on track, however majority of works will be carried out in 2015/16.

Recreation expenditure is expected to remain less than budgeted due to key projects including the Mount Beauty Progressing Place project (both CBD and lakeside) being delayed and are not anticipated to reach the 14/15 budget.

Roads (9.33 – new) have seen no expenditure YTD and due to resourcing constraints this year, works are unlikely to proceed.

Capital works are also less than budgeted with some projects incorrectly forecast in quarter two instead of quarters three and four. Other projects will be delayed to later in the year or the next financial year. This has been due to limited resources available in the asset development department, however works are expected to pick up towards the end of quarter three.